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*To ensure access to high-quality,
patient-centered, cost-effective health
care to Los Angeles County residents
through direct services at DHS facilities
and through collaboration with
community and university partners.*

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May 20, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at County facilities. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT THE BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts:

(1) Account Number	LAC+USC – Various	\$	4,000
(2) Account Number	H-UCLA MC – 10575998	\$	31,640

Total All Accounts: \$ 35,640

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

23 May 20, 2014
Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The compromise offers of settlement for patient accounts (1) - (2) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$35,640.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, the Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, the Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by the Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts.

The Honorable Board of Supervisors

5/20/2014

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Respectfully submitted,

A handwritten signature in black ink, reading "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

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Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT**COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES****TRANSMITTAL No. 1
DATE: May 20, 2014**

Total Gross Charges	\$59,471	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$59,471	Date of Service	Various
Compromise Amount Offered	\$4,000	% Of Charges	7 %
Amount to be Written Off	\$55,471	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in a personal injury accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$59,471 for medical services rendered. The patient had ATP & ORSA with no liability and no other coverage was found. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and the attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$6,000	\$6,000	40 %
Lawyer's Cost	\$702	\$702	5 %
LAC+USC Medical Center **	\$59,471	\$4,000	27 %
Other Lien Holders	-	-	-
Patient	-	\$4,298	28 %
Total	-	\$15,000	100 %

* Attorney's fee of 40% was agreed upon in the retainer agreement between the patient and his attorney.

** This settlement distribution is consistent with the Hospital Lien Act (California Civil Code Section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost.

This patient is covered by ATP (inpatient) and ORSA (outpatient) and as a condition of the ATP and ORSA agreements; the County may pursue reimbursement from any responsible third party. Based on DHS's outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: May 20, 2014

Total Gross Charges	\$70,622	Account Number	10575998
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$70,622	Date of Service	03/11/13 – 03/17/13
Compromise Amount Offered	\$31,640	% Of Charges	45 %
Amount to be Written Off	\$38,982	Facility	H-UCLA Medical Center

JUSTIFICATION

This patient was involved in an automobile vs. motorcycle accident. As a result of this accident, the patient was treated at H-UCLA Medical Center and incurred total inpatient gross charges of \$70,622 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$100,000, the policy limit carried by the party responsible at the time of the accident, and the attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$33,333	\$33,333	33 %
Lawyer's Cost	\$783	\$783	1 %
H-UCLA Medical Center *	\$70,622	\$31,640	32 %
Other Lien Holders *	\$2,604	\$2,604	2 %
Patient	-	\$31,640	32 %
Total	-	\$100,000	100 %

* Lien holders are receiving 34% of the settlement (32% to H-UCLA Medical Center and 2% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H-UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.